

Commissioner Brighton and Kleppner Questions on Income, Estate, and Telephone Personal Property Tax Draft

1. I'm not fully clear on the meaning of this: "This also supports other research done that shows the majority of the Vermont population is in the lower income cohorts, the higher the effective tax rate, more taxpayers would be in the upper income cohorts."
2. Re. this paragraph: "The first is mandatory non-resident withholding required by the entity for entities with 50 or less non-resident shareholders, partners or members. Pass-through entities (PTEs) with more than 50 non-resident shareholders, partners or members are required to file a composite return, and business entities with less than 50 non-resident shareholders, partners or members may elect to file a composite return." Does this mean that entities with 50 or fewer non-resident shareholders have mandatory withholding, and are also able to choose whether or not to file a composite return?
3. I have two questions about taxing business profits: first, a company gets taxed on its income at the entity level, and then, if it does a dividend distribution, those after-biz-income-tax dollars are taxed again as dividend income at the individual level. Is it fair to tax that income twice? Second, do the taxes corporations pay on their income cause them to charge more for their products/services? If so, and those products/services are taxed at the consumer level, there's a danger of pyramiding. Which is another way of asking whether we should consider replacing the business income tax with consumer-level taxes.
4. Regarding the Telephone Personal Property Tax, I again wonder if it shouldn't be repealed, since we tax wireless telecoms both a sales tax and the Universal Sales Charge.
5. The regularly updated consensus forecasts by Fund do not include the biggest revenue source: the property tax. Its contribution to the Education Fund is roughly two times the amount carried in the estimates. At one point, this was logical because the education property tax was considered a local tax. But it causes confusion about how education is funded and the magnitude of the education property tax. Should we recommend changing the reporting to include the full education fund?
6. Should we talk about both types of the property tax circuit breaker together? (Renter and homeowner?) We also mention changing the circuit breaker program for homeowners so that they still have skin in the game in the ed section.

7. Should the remote worker program be discussed separately from the income tax?
8. Can't you have a progressive inheritance tax, depending not on relationship to the dead person, but on the income of the inheritor?
9. Could you explain a little bit about the Canadian capital gain variation on an estate tax?
10. Do we want to talk about the stepped-up basis?
11. Can we expand the telephone tax discussion to cover Lauren-Glenn's information about cable, internet, public access programming, and the Universal Service Fund? It seems that resorting to the right-of-way and counting poles is a problem for more than land lines and maybe we need to recommend a more comprehensive approach, even though there are currently federal constraints.